Testimony to be Entered into the Record at the Joint Agency Energy Action Plan Meeting March 2, 2004

Submitted by:
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Re. : Accelerating the use of distributed renewable resources

My name is Steve Heckeroth. I have been working in the solar industry for over 30 years. I would like to suggest a move toward **performance-based incentives** (PBI) for solar energy systems as quickly as possible. The solar water heating incentives of the late 70s showed that front end incentives do not work long-term. They hurt the industry by leaving customers without proper system monitoring and maintenance.

I recently read that some of LADWP's PV installations are only generating 40% of their predicted output. Manufacturers and system integrators generally support front end incentives because of the immediate financial payoff. However, only predictable long-term performance will provide the solar industry with the necessary credibility to compete with conventional energy sources.

I suggest the following steps to accelerate the use of distributed renewable resources:

1. Monitoring performance of all solar electric systems using a Time of Use meter that tracks the real time performance and peak shaving capability on all PV projects. The meter and monitoring should be provided by the utilities.

2. Implementing a **solar tariff** that acknowledges the environmentally benign peak power shaving capability of PV. This has been done in other countries with great success. In Germany, for instance, the government subsidizes the utilities to pay $.50 - $1.00/kWh for solar generated electricity. This incentive is more than one third higher than the cost per kWh of conventional sources thus providing a long-term incentive to consumers to use renewable energy. I think we will find that a $.50/kWh tariff is a bargain for the conversion to clean inexhaustible solar energy when the avoided external costs (decommissioning nuclear power plants and storing radioactive waste, medical costs attributed to pollution like asthma, cancer etc., and the costs related to global climate change) are considered.

3. Offering a **low interest loan program** to purchase PV systems. The rate of payback should be close to or equal to the amount saved on the electric bill. In other words, a costumer might have paid $100 to a utility a month. He now pays only $20 because his PV system generates $80 of electricity. His loan payment could then be $80. This type of renewable revolving loan program could become self funding.

Thank you for your consideration.